



ASIAN CAPITAL HOLDINGS LIMITED

卓亞資本有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8295



Interim Report 2015

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Asian Capital Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## HIGHLIGHTS

- Strong growth in corporate advisory income continued into the second quarter, with advisory income of HK\$13.47 million recorded for the first half of 2015 (2014: HK\$9.94 million), 35.5% higher than that of the corresponding period in 2014. In the second quarter, we earned an arrangement fee of HK\$0.51 million notwithstanding that there were no placing and underwriting income (2014: HK\$0.13 million) nor securities dealing commission (2014: HK\$0.02 million). During the six months ended 30 June 2015, the Group recorded a small net investment income of HK\$0.16 million (2014: net investment loss of HK\$1.59 million), following realisation and redemption of our investments in securities. Net interest income increased to HK\$0.91 million (2014: HK\$0.32 million), contributed mainly by higher yield from bank deposits and loans receivables. The Group's overall revenue and other income therefore advanced to HK\$15.05 million (2014: HK\$8.83 million) in the first half of 2015.
- Operating expenses for the six months ended 30 June 2015 were HK\$12.90 million (2014: HK\$11.00 million), representing an increase of 17.3% over the corresponding period in 2014. This increase was mainly attributable to higher staff costs and bonus provisions.
- The Group recorded total comprehensive incomes of HK\$2.08 million in the second quarter of 2015 (2014: loss of HK\$1.30 million), and HK\$1.70 million in the first half of 2015 (2014: loss of HK\$2.13 million). The net assets value of the Group as at 30 June 2015 further advanced to HK\$132.59 million (31 December 2014: HK\$130.43 million).
- Basic earnings per share for the six months ended 30 June 2015 was HK0.12 cents (2014: basic loss per share of HK0.15 cents), whereas net assets value per share as at 30 June 2015 was HK9.13 cents (31 December 2014: HK8.99 cents).
- Following further bookings of loans receivables during the first half of the year, the Group's cash and cash equivalents came down to HK\$96.31 million as at 30 June 2015 (31 December 2014: HK\$113.90 million). We will continue to identify suitable opportunities whilst pursuing and developing strategic alliances to enhance our business prospects and strengthen our capabilities thereby increasing our shareholders' value.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

The board (the “Board”) of directors (the “Directors”) of Asian Capital Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2015, together with the comparative unaudited figures for the corresponding periods ended in 2014, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2015

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>7,101</b>	5,058	<b>13,980</b>	10,091
Net investment income/(loss)	3	<b>1,557</b>	(929)	<b>158</b>	(1,586)
Net interest income	3	<b>490</b>	230	<b>907</b>	322
Revenue and other income	3	<b>9,148</b>	4,359	<b>15,045</b>	8,827
Operating expenses		<b>(6,584)</b>	(5,806)	<b>(12,898)</b>	(10,999)
<b>Profit/(Loss) before tax</b>	5	<b>2,564</b>	(1,447)	<b>2,147</b>	(2,172)
Income tax (expense)/credit	6	<b>(487)</b>	144	<b>(452)</b>	41
<b>Profit/(Loss) for the period</b>		<b>2,077</b>	(1,303)	<b>1,695</b>	(2,131)
<b>Total comprehensive income/ (loss) for the period</b>		<b>2,077</b>	(1,303)	<b>1,695</b>	(2,131)
<b>Earnings/(Loss) per share attributable to ordinary equity holders of the Company</b>	7				
– Basic (HK cents)		<b>0.14</b>	(0.09)	<b>0.12</b>	(0.15)
– Diluted (HK cents)		<b>0.14</b>	N/A	<b>0.11</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	9	3,259	3,385
Intangible asset		866	866
Deposits		100	100
		<hr/>	<hr/>
Total non-current assets		4,225	4,351
<b>Current assets</b>			
Trade receivables	10	6,254	2,658
Loans receivables	11	27,846	7,000
Prepayments, deposits and other receivables		3,215	2,572
Investments at fair value through profit or loss		166	6,273
Deferred tax assets		180	–
Cash held on behalf of clients	12	45	45
Cash and cash equivalents		96,308	113,901
		<hr/>	<hr/>
Total current assets		134,014	132,449
<b>Current liabilities</b>			
Trade payables	13	562	702
Other payables and accruals		3,698	5,036
Tax payable		1,393	615
Deferred tax liabilities		–	21
		<hr/>	<hr/>
Total current liabilities		5,653	6,374
<b>Net current assets</b>		<hr/> <b>128,361</b>	<hr/> 126,075
<b>Net assets</b>		<hr/> <b>132,586</b>	<hr/> 130,426
<b>Equity</b>			
Equity attributable to ordinary equity holders of the Company			
Issued capital	14	14,515	14,515
Reserves		118,071	115,911
		<hr/>	<hr/>
Total equity		132,586	130,426

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to ordinary equity holders of the Company					
	Issued capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2015	14,515	69,464	9,000	7,809	29,638	130,426
Total comprehensive income for the period	-	-	-	-	1,695	1,695
Equity-settled share option arrangements	-	-	-	465	-	465
<b>At 30 June 2015 (Unaudited)</b>	<b>14,515</b>	<b>69,464</b>	<b>9,000</b>	<b>8,274</b>	<b>31,333</b>	<b>132,586</b>
At 1 January 2014	14,400	65,898	9,000	8,179	30,969	128,446
Total comprehensive loss for the period	-	-	-	-	(2,131)	(2,131)
Allotment of new shares pursuant to pre-IPO share option scheme	115	3,566	-	(1,373)	-	2,308
Equity-settled share option arrangements	-	-	-	513	-	513
<b>At 30 June 2014 (Unaudited)</b>	<b>14,515</b>	<b>69,464</b>	<b>9,000</b>	<b>7,319</b>	<b>28,838</b>	<b>129,136</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash flows (used in)/from operating activities	(17,710)	5,375
Net cash flows from/(used in) investing activities	594	(1,571)
Net cash flows (used in)/from financing activities	(477)	2,308
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(17,593)</b>	<b>6,112</b>
Cash and cash equivalents at beginning of period	<u>113,901</u>	<u>113,739</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>96,308</u></b>	<b><u>119,851</u></b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2015

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the provision of corporate advisory services and related activities, as well as investment in various types of assets.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 (the “Interim Financial Statements”) have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The principal accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2014. However, the Interim Financial Statements do not include all of the information required for annual financial statements and they should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the Interim Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The Interim Financial Statements are presented in Hong Kong dollars (“HK\$”), which is also the Group’s functional currency. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Inter-company transactions and balances between Group companies are eliminated.

### 3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Revenue</b>	(a)				
Corporate advisory income		6,595	4,920	13,474	9,944
Placing and underwriting income/arrangement fee		506	126	506	126
Securities dealing commission		–	12	–	21
		<u>7,101</u>	<u>5,058</u>	<u>13,980</u>	<u>10,091</u>
<b>Net investment income/(loss)</b>	(a)				
Net fair value gain/(loss) on financial assets measured at fair value through profit or loss		1,377	871	(22)	163
Realised gain/(loss) on financial assets measured at fair value through profit or loss and other investments		180	(1,800)	180	(1,749)
		<u>1,557</u>	<u>(929)</u>	<u>158</u>	<u>(1,586)</u>
<b>Net interest income</b>					
Interest income from financial assets					
– Bank deposits		290	189	651	273
– Listed investments		43	41	43	49
– Loans receivables	(b)	157	–	213	–
		<u>490</u>	<u>230</u>	<u>907</u>	<u>322</u>
<b>Revenue and other income</b>		<u>9,148</u>	<u>4,359</u>	<u>15,045</u>	<u>8,827</u>

### 3. REVENUE AND OTHER INCOME (Continued)

Notes:

- (a) During the fourth quarter of the financial year ended 31 December 2014, management performed a review of the nature of the Group's principal activities and their presentation in the Group's consolidated financial statements. As a result of the review, whilst management considered that the revenue of the Group had correctly included the fee income from corporate advisory services, placing and underwriting services and securities dealings, as well as gains or losses on investments at fair value through profit or loss, it would be more appropriate to present such gains or losses on investments at fair value through profit or loss on a separate line. Such revised presentation better reveals the nature of the Group's investment income/(loss) and is more consistent with the current market practice. For the purpose of the Interim Financial Statements, the presentation of the 2015 figures above has followed the presentation adopted in the 2014 audited annual financial statements (the "2014 Annual Financial Statements") and the comparative figures have been revised accordingly.
- (b) During the review of the Interim Financial Statements, management considered it more appropriate to disclose the Group's loans receivables as a separate item on the Group's condensed consolidated statement of financial position as at 30 June 2015 in view of its materiality. Accordingly, the interest income from other interest-bearing assets presented in the Group's 2014 Annual Financial Statements is renamed as interest income from loans receivables in the Interim Financial Statements to better reflect the underlying nature of such item which has become more material for the period. The presentation of the corresponding amounts of the interest income for the three months and six months ended 30 June 2014 has been re-presented to align with the current period presentation. There is no impact on the Group's revenue and other income for the three months and six months ended 30 June 2014 as a result of the change in presentation.

### 4. OPERATING SEGMENT INFORMATION

The Group's principal businesses are in the provision of corporate advisory services and related activities, as well as investment in various types of assets. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

### 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation	264	115	517	201
Minimum lease payments under operating leases on land and buildings	809	1,091	1,619	1,771
Employee benefit expense (including directors' remuneration)	4,398	2,724	8,468	6,080

## 6. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% for the three months and six months ended 30 June 2015 and 2014.

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax				
Provision for the period	(474)	21	(474)	(61)
Deferred tax				
Origination and reversals of temporary differences	(13)	123	22	102
	<u>(487)</u>	<u>144</u>	<u>(452)</u>	<u>41</u>

There was no significant unprovided deferred tax for the relevant periods.

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic earnings per share for the three months and six months ended 30 June 2015 are based on the unaudited consolidated profits of approximately HK\$2,077,000 and HK\$1,695,000 attributable to ordinary equity holders of the Company for the three months and six months ended 30 June 2015 respectively (three months and six months ended 30 June 2014: consolidated losses of HK\$1,303,000 and HK\$2,131,000 respectively) and the weighted average number of 1,451,540,000 shares in issue for each of the three months and six months ended 30 June 2015 respectively (three months and six months ended 30 June 2014: 1,441,394,945 shares and 1,440,701,326 shares respectively).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. The calculations of diluted earnings per share for the three months and six months ended 30 June 2015 are based on the unaudited consolidated profits of approximately HK\$2,077,000 and HK\$1,695,000 attributable to ordinary equity holders of the Company for the three months and six months ended 30 June 2015 respectively and the adjusted weighted average number of 1,519,740,000 shares in issue for each of the three months and six months ended 30 June 2015 respectively. No adjustment was made to the basic loss per share presented for each of the three months and six months ended 30 June 2014 as share options had anti-dilutive effect on the basic loss per share.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## 9. PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of plant and equipment with a cost of approximately HK\$391,000 (2014: vehicle, plant and equipment with a cost of HK\$1,922,000).

## 10. TRADE RECEIVABLES

The Group's trade receivables arose generally from the provision of corporate advisory services, placing and underwriting income/arrangement fee and securities dealing commission.

The Group's normal trading term with its customers is that payment is due upon the issuance of invoices. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aged analysis of the Group's trade receivables which are not considered to be individually or collectively impaired as at the end of the reporting period, based on the invoice dates and net of provisions, is as follows:

	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2014 HK\$'000 (Audited)</b>
	<i>Note</i>	
Current to 30 days	<b>4,549</b>	1,026
31 to 60 days	<b>170</b>	896
61 to 90 days	<b>398</b>	62
Over 90 days	<b>1,137</b>	674
	<b>6,254</b>	2,658

*Note:*

- (a) Up to the date of this report, subsequent settlement of trade receivables as at 30 June 2015 amounted to approximately HK\$3,585,000.

## 11. LOANS RECEIVABLES

The Group's loans receivables as at 30 June 2015 were loans and interest-bearing assets in relation to external parties, and included an amount of approximately HK\$21,346,000 which is more fully described in the paragraph headed "Advance to entity" under the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" below.

For the reasons given in note 3 to the Interim Financial Statements under its note (b), the other assets and receivables presented in the Group's 2014 Annual Financial Statements are reclassified as (a) loans receivables; and (b) prepayments, deposits and other receivables in the Interim Financial Statements to better reflect the underlying nature of these items and their significance to the Group's overall financial position. The corresponding amount of the other assets and receivables as at 31 December 2014 has been re-presented to align with the current period presentation. There is no impact on the Group's total current assets and net assets as at 31 December 2014 as a result of the change in presentation. The carrying amounts of the Group's loans receivables as at 31 December 2014 and 30 June 2015 were approximately HK\$7,000,000 and HK\$27,846,000 respectively.

## 12. CASH HELD ON BEHALF OF CLIENTS

The Group's licensed subsidiary maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the condensed consolidated statement of financial position, and recognised the corresponding payables to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

## 13. TRADE PAYABLES

Aging of the Group's trade payables excluding clients' monies as at the end of the reporting period was current to 30 days (31 December 2014: current to 30 days). Included in trade payables are clients' monies which are segregated in the trust accounts as described in note 12 to the Interim Financial Statements.

## 14. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b>	<b>Nominal value HK\$</b>
<b>Authorised</b>			
As at 1 January 2014, 30 June 2014, 31 December 2014 and 30 June 2015		<u>10,000,000,000</u>	<u>100,000,000</u>
<b>Issued</b>			
As at 1 January 2014		1,440,000,000	14,400,000
Allotment of new shares pursuant to pre-IPO share option scheme	<i>(a)</i>	<u>11,540,000</u>	<u>115,400</u>
As at 30 June 2014, 31 December 2014 and 30 June 2015		<u>1,451,540,000</u>	<u>14,515,400</u>

*Note:*

- (a) During the six months ended 30 June 2014, an aggregate of 11,540,000 new shares were allotted and issued by the Company upon the exercise of the options (the "Pre-IPO Share Options") granted under the pre-IPO share option scheme of the Company adopted on 7 June 2010 (the "Pre-IPO Share Option Scheme") by certain grantees at an exercise price of HK\$0.20 per share. The weighted average closing price of the shares of the Company immediately before the date on which the Pre-IPO Share Options were exercised was HK\$0.43.

## 15. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed in note 15(b) below, the Group had no significant related party transactions during the six months ended 30 June 2015 and 2014.
- (b) Compensation of key management personnel of the Group:

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term employees benefits	1,378	1,293	2,750	2,015
Pension scheme contributions	9	8	18	16
Equity-settled share option expense	302	110	332	217
	<u>1,689</u>	<u>1,411</u>	<u>3,100</u>	<u>2,248</u>
Total compensation for key management personnel				

## 16. EVENTS AFTER THE REPORTING PERIOD

Save as to a sub-underwriting commitment for approximately HK\$7.17 million arising from an open offer in respect of a listed company client entered into in July 2015, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2015 and up to the date of this report.

## 17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 31 July 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

With ultra-easing policies across the world probably except the United States (“US”), the principal global stock markets ended the first half of the year mostly with gains amid bouts of volatility and uncertainty. The Federal Reserve was confident about US’s economic growth though pledged patience in raising interest rates. Debt woes in Greece remained a focal point threatening Eurozone’s recovery. Towards the end of the first half of 2015, China’s central bank further lowered benchmark interest rates for the fourth time since November 2014, hoping to support economic growth. China’s reported growth remained at 7% in the second quarter, possibly contributed by the buoyant stock market in the first half of 2015. Yet recent stock-market turbulences are fueling investor worries about more fundamental economic problems, leaving one wonders the effectiveness of China’s visible hands.

The Group was busily engaged in corporate resumption work during the six months ended 30 June 2015 with one such case having received Stock Exchange’s conditional resumption approval in May 2015 for the relevant resumption conditions to be satisfied by 21 December 2015.

Mergers and acquisitions (“M&As”), debt restructuring works, fund raising, independent financial advisory and compliance adviser assignments have made good contributions to our corporate advisory income.

Asian Capital (Corporate Finance) Limited (“Asian Capital”) as the sole sponsor in two initial public offerings (“IPOs”) had made some progress, with listing application for one which involves a spin off having been submitted in April 2015.

Asian Capital also acts as the placing agent, on a best effort basis, to place convertible bonds with a principal amount of up to HK\$150 million proposed to be issued by a company listed on the Main Board of the Stock Exchange; with income expected to come through in the second half of 2015 if the transaction is successfully completed.

With warnings of irrational exuberance in the shadow, the Group unwound all its pre-existing equity investments and redeemed the interest-bearing securities in the second quarter of 2015, leaving only a small exposure to some shares acquired in May through public offering of an IPO. In turn, the Group applied its cash resources more towards interest-bearing assets including loans for higher interest income. Indeed, we are targeting for better return in areas where we have the expertise in managing the related risks and where there are opportunities for associated advisory work.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Financial review

Strong growth in corporate advisory income continued into the second quarter, with advisory income of approximately HK\$13.47 million recorded for the first half of 2015 (2014: HK\$9.94 million), about 35.5% higher than that of the corresponding period in 2014. In the second quarter, we earned an arrangement fee of approximately HK\$0.51 million notwithstanding that there were no placing and underwriting income (2014: HK\$0.13 million) nor securities dealing commission (2014: HK\$0.02 million). During the six months ended 30 June 2015, the Group recorded a small net investment income of approximately HK\$0.16 million (2014: net investment loss of HK\$1.59 million), following the realisation and redemption of our investments in securities. Net interest income increased to approximately HK\$0.91 million (2014: HK\$0.32 million), contributed mainly by higher yield from bank deposits and loans receivables. The Group's overall revenue and other income therefore advanced to approximately HK\$15.05 million (2014: HK\$8.83 million) in the first half of 2015.

Operating expenses for the six months ended 30 June 2015 were approximately HK\$12.90 million (2014: HK\$11.00 million), representing an increase of approximately 17.3% over the corresponding period in 2014. This increase was mainly attributable to higher staff costs and bonus provisions.

Accordingly, the Group recorded total comprehensive incomes of approximately HK\$2.08 million in the second quarter of 2015 (2014: loss of HK\$1.30 million), and approximately HK\$1.70 million in the first half of 2015 (2014: loss of HK\$2.13 million).

Basic earnings per share for the six months ended 30 June 2015 was approximately HK0.12 cents (2014: basic loss per share of HK0.15 cents).

As at 30 June 2015, the Group's trade receivables increased to approximately HK\$6.25 million (31 December 2014: HK\$2.66 million). Collection efforts are being stepped up to bring down the overdue levels. As the Group began to apply its liquidity more towards interest-bearing assets, loans receivables increased to approximately HK\$27.85 million as at 30 June 2015 (31 December 2014: HK\$7.00 million), and included an amount of approximately HK\$21.35 million which is set out in more details in the paragraph headed "Advance to entity" below.

Other payables and accruals which included bonus provision for the first half of 2015 came lower at approximately HK\$3.70 million (31 December 2014: HK\$5.04 million), mainly because the 2014 year end had a full year of bonus provisioning.

The investments at fair value through profit or loss reduced to approximately HK\$0.17 million as at 30 June 2015 (31 December 2014: HK\$6.27 million), following divestments made and redemption of interest-bearing securities as mentioned above.

The net assets value of the Group as at 30 June 2015 further advanced to approximately HK\$132.59 million (31 December 2014: HK\$130.43 million), contributed by increases in retained profits and share option reserve. The net assets value per share as at 30 June 2015 was approximately HK9.13 cents (31 December 2014: HK8.99 cents).

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Liquidity and financial resources**

The Group continued to adopt a prudent financial management strategy and maintained a healthy liquidity position. Following further bookings of loans receivables during the first half of the year, the Group's cash and cash equivalents came down to approximately HK\$96.31 million as at 30 June 2015 (31 December 2014: HK\$113.90 million). As at 30 June 2015, the Group had net current assets of approximately HK\$128.36 million (31 December 2014: HK\$126.08 million), and the current ratio was approximately 23.71 (31 December 2014: 20.78).

The Group's operations and investments were financed principally by revenues generated from business operations and available bank balances. Funds are largely placed with financial institutions with maturities timed to cover any known capital, investment or underwriting commitments. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was nil as at 30 June 2015 (31 December 2014: Nil).

During the six months ended 30 June 2015, the Group had minimal exposure to foreign currency risks, as most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. The Group will continue to monitor its foreign currency exposure and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

### **Capital structure**

There has been no change in the capital structure of the Company during the six months ended 30 June 2015. The capital of the Company comprises only ordinary shares.

Total equity attributable to ordinary equity holders of the Company amounted to approximately HK\$132.59 million as at 30 June 2015 (31 December 2014: HK\$130.43 million). This increase was mainly attributable to increases in the retained profits and the share option reserve.

### **Commitments**

As at 30 June 2015, the Group did not have any significant commitments (31 December 2014: Nil).

### **Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Employees and remuneration policies**

The Group places strong emphasis on attracting, engaging, training and retaining professional talents, and regards human resource as a cornerstone in the Group's ability to secure and deliver its advisory services and manage its assets. Promotion from within is a key part of the human resources policy. The Group's policy concerning remuneration of directors is to consider and determine remuneration (including bonuses) and terms of service by reference to the relevant director's qualifications, experience, level of responsibilities, capabilities, workload and performance, having regard to market conditions and performance of the individual business units and of the Group as a whole. The Group adopts a similar policy in respect of all employees.

The Group has adopted and maintained incentive bonus schemes seeking to align the financial well-being of the Group with that of the employees, and to retain professional staff of high calibre. Staff are offered basic salaries commensurate with market levels. On top of basic salaries, performance based and discretionary bonuses are paid having regard to the performance of the individual, the business units and the Group as a whole. Generally a bonus of up to one month's basic salary is paid to supporting staff.

In addition to other staff benefits including contributions to mandatory provident fund scheme in Hong Kong and social insurance in the People's Republic of China (the "PRC") for PRC based staff, medical insurance, education subsidy and training are offered to employees. The Group regularly arranges and conducts professional development and training programs, enabling its executives to refresh their knowledge and sharpen their skills. All Directors and employees who were with the Group at the time of listing of the Company on GEM were granted Pre-IPO Share Options which were fully vested by 10 June 2015 in accordance with the Pre-IPO Share Option Scheme. The Company also adopted a share option scheme on 7 June 2010 (the "Share Option Scheme"), however, no options have been granted, exercised or lapsed under this Share Option Scheme.

As at 30 June 2015, the Group employed 23 employees including executive Directors (31 December 2014: 23 employees). Total staff costs (including Directors' emoluments and fair value charge for the Pre-IPO Share Options) were approximately HK\$8.47 million for the six months ended 30 June 2015 (2014: HK\$6.08 million). The Group also engaged one contractor for business development as at 30 June 2015 (31 December 2014: three contractors) and outsourced its information technology and internal audit functions.

### **Charge on the Group's assets**

As at 30 June 2015, the Group did not have any charge on its assets (31 December 2014: Nil).

### **Contingent liabilities**

As at 30 June 2015, the Group had no material contingent liabilities (31 December 2014: Nil).

### **Future plans for material investments or capital assets**

The Group had no plans for material investments or acquisitions of capital assets as at 30 June 2015, but will actively pursue opportunities for investments to enhance its profitability in the ordinary course of its business. The Group is in the process of upgrading its information technology facilities for better and more secured service delivery.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Material acquisitions and disposals of subsidiaries and affiliated companies

The Group had no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 June 2015.

### Advance to entity

On 22 June 2015, Asian Capital (Resources) Limited (“Asian Capital (Resources)”), an indirect wholly-owned subsidiary of the Company, and the other lender (together, the “Lenders”), amongst others, entered into a loan agreement (the “Loan Agreement”) and a share charge agreement with Wongs Investment Development Holdings Group Limited (In Liquidation) (the “Borrower”). Asian Capital (Resources) agreed to provide a term loan facility of HK\$21,500,000 to the Borrower (the “ACR Loan Facility”), and the Borrower agreed to provide an aggregate of 1,840,389,415 shares of China Kingstone Mining Holdings Limited (Stock Code: 1380, listed on the Main Board of the Stock Exchange) (the “Charged Shares”) beneficially owned by it as security in favour of the Lenders under the Loan Agreement. The Borrower drew down a sum of approximately HK\$21.35 million (the “ACR Loan”) under the ACR Loan Facility which remained outstanding as at the end of the reporting period. The ACR Loan shall be repayable on the earlier of 22 June 2016 or within five business days of the date of sale of all the Charged Shares, and shall bear interest at a fixed rate of 2% per month and interest accrued shall be paid monthly in arrears. Further details and principal terms of the ACR Loan Facility under the Loan Agreement and subsequent events are set out in the announcements of the Company dated 22 June 2015, 28 June 2015, 5 July 2015 and 29 July 2015.

### Outlook

The International Monetary Fund updated its outlook in July 2015 whereby global growth was set to slow this year to its weakest rate since the financial crisis, as mounting threats from China through to the Eurozone add to a laundry list of forces restraining the world economy. While the Federal Reserve chair Janet Yellen acknowledges that the Greek debt crisis and China's attempts to tackle its high debt, weak property markets and volatile financial conditions pose risks to US growth, prospects are favourable for further improvement in the US labour market and the economy, which would make it appropriate to raise interest rates at some point this year. Whilst the Greek debt problem seems to be contained, the biggest concern to the Hong Kong market appears to be the effects of deleveraging activities and uncertain economic outlook in China.

As at the date of this report, the Group has on hand six corporate resumptions and are actively working on some new potential mandates. Meanwhile, prospects of M&A and IPO are continuing. Apart from restructuring work, we are busy with two IPO and a diversified portfolio of M&A engagements as well as some fund raising assignments for clients.

As at 30 June 2015, our overall investment portfolio consisting almost entirely of interest-bearing assets, amounted to approximately HK\$28.01 million (31 December 2014: HK\$13.27 million).

Our cash position at approximately HK\$96.31 million remains strong, enabling us to be versatile and flexible in seeking new engagements and opportunities. We will continue to identify prospects in underwriting, placing and investment in various types of assets to strengthen our income source and enhance our profitability to promote long term growth and prosperity of the Group. Investments and underwriting activities however are by their nature subject to market and other risks and may impact the Group's profitability from time to time.

We continue to pursue and develop strategic alliances that can benefit our business prospects and strengthen our capabilities thereby increasing our shareholders' value. Some of these prospects are beginning to extend our business horizons, enabling us to reach out for new business opportunities.

## SHARE OPTION SCHEMES

The Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on 7 June 2010. The principal terms of the two schemes are summarised in the sections headed “Pre-IPO Share Option Scheme” and “Share Option Scheme” in Appendix V to the Company’s prospectus dated 11 June 2010.

The purpose of the Pre-IPO Share Option Scheme and the Share Option Scheme is to enable the Company to grant options to the participants as incentive or rewards for their contributions to the Group.

### Pre-IPO Share Option Scheme

Under the Pre-IPO Share Option Scheme, the Company granted Pre-IPO Share Options to directors and employees of the Group on 10 June 2010 for the subscription of an aggregate of 120,000,000 shares of the Company at an exercise price of HK\$0.20 per share. No further Pre-IPO Share Options can be granted and all outstanding Pre-IPO Share Options were fully vested by 10 June 2015.

Details of the Pre-IPO Share Options remained outstanding as at 30 June 2015 were as follows:

Grantees	Exercise period (dd/mm/yy)	Number of options				Outstanding at 30 June 2015	Approximate percentage of issued share capital of the Company
		Outstanding at 1 January 2015	Exercised during the period	Cancelled during the period	Lapsed during the period		
<b>Directors</b>							
Mr. YEUNG Kai Cheung Patrick (“Mr. Yeung”)	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.69%
Mr. CHAN Hok Leung	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.69%
Mr. XIN Luo Lin	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.69%
Mr. CHAN Kai Nang	10/06/12 – 09/06/20	6,000,000	-	-	-	6,000,000	0.41%
Mr. YI Xiqun	10/06/12 – 09/06/20	6,000,000	-	-	-	6,000,000	0.41%
<b>Employees of the Group</b>	10/06/12 – 09/06/20	26,200,000	-	-	-	26,200,000	1.81%
<b>Total</b>		<b>68,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,200,000</b>	<b>4.70%</b>

### Share Option Scheme

During the six months ended 30 June 2015, no option was granted, exercised or lapsed under the Share Option Scheme.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate interests	Approximate percentage of shareholding in the Company
Mr. Yeung	Interest of controlled corporation	769,660,000 (Note 1)	–	769,660,000	53.02%
	Beneficial owner	–	10,000,000 (Note 2)	10,000,000	0.69%
Mr. CHAN Hok Leung	Beneficial owner	7,300,000	10,000,000 (Note 2)	17,300,000	1.19%
Mr. XIN Luo Lin	Beneficial owner	–	10,000,000 (Note 2)	10,000,000	0.69%
Mr. CHAN Kai Nang	Beneficial owner	–	6,000,000 (Note 2)	6,000,000	0.41%
Mr. YI Xiquan	Beneficial owner	–	6,000,000 (Note 2)	6,000,000	0.41%
Mr. TSUI Pui Yan	Beneficial owner	1,000,000	–	1,000,000	0.07%

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION** *(Continued)*

### **Long positions in shares and underlying shares of the Company** *(Continued)*

#### *Notes:*

1. These shares represent 699,260,000 shares owned by Master Link Assets Limited ("Master Link") and 70,400,000 shares owned by Allied Target Holdings Limited ("Allied Target").

Master Link is wholly and beneficially owned by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 699,260,000 shares held by Master Link.

Allied Target is owned as to 70% by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 70,400,000 shares held by Allied Target.

2. These shares represent the underlying interest in shares pursuant to the Pre-IPO Share Options granted to the Directors by the Company under the Pre-IPO Share Option Scheme. Further details are set out in the paragraph headed "Pre-IPO Share Option Scheme" under the section headed "SHARE OPTION SCHEMES" above.

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2015, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

### Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Master Link (Note 1)	Beneficial owner	699,260,000	48.17%
Mr. LIM Hua Min ("Mr. Lim") (Note 2)	Interest of controlled corporation	252,955,791	17.43%
Phillip Capital (HK) Limited ("Phillip Capital (HK)") (Note 2)	Beneficial owner	252,955,791	17.43%

#### Notes:

1. Master Link is an investment holding company, the entire issued share capital of which is wholly and beneficially owned by Mr. Yeung.
2. Phillip Capital (HK) is an investment holding company which is owned as to 85% by Mr. Lim. By virtue of the SFO, Mr. Lim is deemed to be interested in the 252,955,791 shares owned by Phillip Capital (HK).

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in information of Directors are set out below:

<b>Name of Director</b>	<b>Details of changes</b>
Mr. XIN Luo Lin	<p>Appointed as an independent non-executive director of ASR Logistics Holdings Limited (Stock Code: 1803, listed on the Main Board of the Stock Exchange) with effect from 23 April 2015.</p> <p>Re-designated from independent non-executive director to non-executive director of Enerchina Holdings Limited (“Enerchina”) (Stock Code: 622, listed on the Main Board of the Stock Exchange) with effect from 21 May 2015.</p> <p>Retired as an independent non-executive director of China Environmental Technology Holdings Limited (Stock Code: 646, listed on the Main Board of the Stock Exchange) on 27 May 2015.</p>
Mr. Yi Xiqun	<p>Retired as an independent non-executive director of SOHO China Limited (Stock Code: 410, listed on the Main Board of the Stock Exchange) on 8 May 2015.</p>

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Xin Luo Lin, a non-executive director of the Company, currently serves as a non-executive director of Enerchina. Based on public information, Enerchina carries on activities including the provision of securities brokerage and provision of financial and corporate financial advisory services, securities trading and investments that compete or are likely to compete with the businesses of the Group. Mr. Xin Luo Lin has a personal interest in 9,999,000 shares of Enerchina and share options granted by Enerchina to subscribe for 7,387,336 shares of Enerchina.

Mr. Yi Xiqun, an independent non-executive director of the Company, currently serves as an independent non-executive director of Industrial and Commercial Bank of China Limited (Stock Code: 1398) (listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange); an independent director of China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange); and a consultant to China International Capital Corporation Limited. Based on publicly available information, the aforementioned companies have subsidiaries in Hong Kong licensed by the Securities and Futures Commission of Hong Kong to carry on investment banking activities, and compete or are likely to compete with the businesses of the Group.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competes or may compete with the business of the Group nor any conflict of interest which any such person has or may have with the Group.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries to all the Directors who confirmed their compliance with the required standard of dealings and the code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2015. No incident of non-compliance was noted by the Company during this period.

## CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules during the reporting period, except code provision A.2.1 which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Yeung to assume both roles as the executive chairman and the chief executive officer of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organisation, the Board will consider splitting the two roles. With their strong business and governance experience, the Directors do not expect any issues of concern would arise due to the combined role of Mr. Yeung. The Group also has in place an effective internal control system, including the engagement of a professional accounting firm (the "Internal Auditor") to conduct internal audit, to perform check and balance functions.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee include reviewing and overseeing the financial reporting system, risk management and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely, Mr. Chan Kai Nang (chairman of the audit committee), Mr. Tsui Pui Yan and Mr. Yi Xiquan.

The Group has engaged the Internal Auditor to conduct regular internal audits and to report its findings to the audit committee. The Interim Financial Statements have been reviewed by the Internal Auditor, who confirms that it has not identified any matters that need to be brought to the attention of the audit committee.

The audit committee has reviewed the Interim Financial Statements and is of the opinion that the preparation of those statements complies with the applicable accounting standards and that adequate disclosures have been made.

By order of the Board  
**Asian Capital Holdings Limited**  
**YEUNG Kai Cheung Patrick**  
*Executive Chairman*

Hong Kong, 31 July 2015

*As at the date of this report, the Board comprises Mr. YEUNG Kai Cheung Patrick (executive chairman) and Mr. CHAN Hok Leung being executive Directors; Mr. XIN Luo Lin (honorary chairman) being non-executive Director; and Mr. CHAN Kai Nang, Mr. TSUI Pui Yan and Mr. YI Xiquan being independent non-executive Directors.*